

IDAHO OUTLOOK

NEWS OF IDAHO'S ECONOMY AND BUDGET

STATE OF IDAHO

DIVISION OF FINANCIAL MANAGEMENT

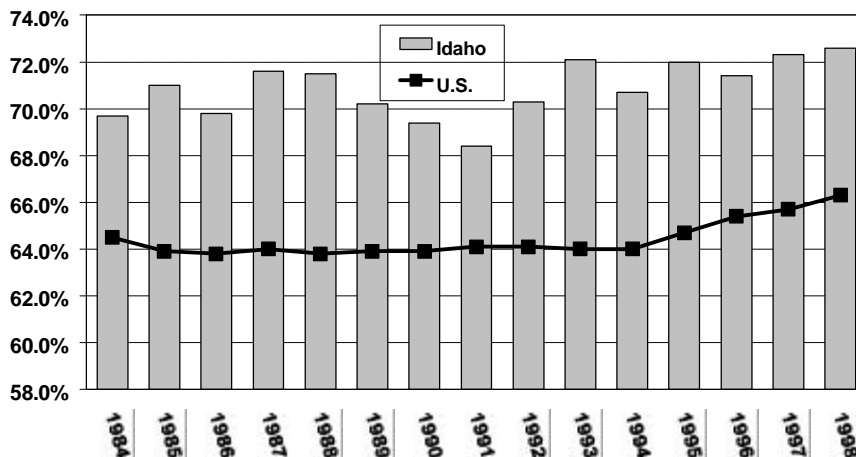
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Housing Soars. Like the Denver Broncos, the U.S. housing industry is expected to have posted another strong season in 1998. Several records were either tied or broken last year. In November 1998, the sales of new single-unit homes soared to the highest monthly total in the history of this series. Single-unit housing starts rose to their highest level in 14 years. In July, existing home sales hit a record 4.9 million units. Fueling this boom was strong consumer confidence and the affordability of housing. Plentiful jobs, the soaring stock market, and low interest rates encouraged many to take the housing plunge. During a monthly survey, almost 90% of those asked

thought it was a good time to buy a home. And nearly 80% of the builders polled last November rated the housing market as good. But builders are not the only ones benefiting from the strong market. Once homes are built they need to be filled with furniture, appliances, and window treatments; and yards need to be landscaped and fenced. Thus, a wide range of sectors also gained from the strong housing market. By DRI's estimation, the favorable interest rates have also made the cost of buying a home lower than since the early 1970s. These conditions have furthered the dream of homeownership. Late last year, two-thirds of American households lived in homes they owned or were purchasing, a significant rise from the 62%-64% rate it had been stuck in for the previous two decades. Interestingly, homeownership in the Gem State is much higher. In 1998, nearly three quarters of Idaho households lived in their own homes. But this should come as no surprise, as this rate has consistently been above the national rate. Perhaps this is what Stephen Foster was thinking about when he wrote, "give me a home where the buffalo roam...."

Love and Economics. In the spirit of St. Valentine's Day, we would like to reach into our quiver of statistics and contribute to the romance of this special time. We'd like to share some suggestions and a few statistics that are very dear to us. Perhaps you sent flowers to that special someone. Though roses are a traditional favorite, you had plenty of other choices. According to the U.S. Census Bureau there are nearly 27,000 florists nationwide, and we suspect that every one of their 125,000 employees are relieved February is over. And the nation's flower producers that sold about one-half billion dollars worth of flowers in 1996 work year round to make this day special. Is your special someone allergic to flowers? No problem. Candy is dandy. There is a good chance that the sweets for your sweet were made here in the U.S. There were nearly 900 candy manufacturers in 1996. Believe it or not, New York and Pennsylvania are some of the sweetest states, with most of the domestic candy production taking place there. Perhaps you chose something more exotic. Belgian chocolate or French truffles? The fact is, most candy imports come from our Canadian neighbors. Incidentally, Americans will eat almost 30 pounds of candy this year. One last note. No matter what you've seen on soap operas, that special person is still most likely to be your wife or husband. According to the Census Bureau, over half of American adults were married and living with their spouses.

Idaho & U.S. Homeownership Rates



Source: U.S. Census Bureau

DIRK KEMPTHORNE, Governor

Division of Financial Management
700 W Jefferson, Room 122
PO Box 83720
Boise, Idaho 83720-0032 (208) 334-3900
ADDRESS SERVICE REQUESTED

BULK RATE
US POSTAGE
PAID
PERMIT NO. 1
BOISE, ID 83720

Jeff Malmen, Administrator

Economic Analysis Bureau
Michael H. Ferguson, Chief Economist
Derek E. Santos, Economist

General Fund Update

As of January 31, 1999

<u>Revenue Source</u>	<u>\$ Millions</u>		
	FY99 Executive Estimate ³	DFM Predicted to Date	Actual Accrued to Date
Individual Income Tax	818.6	468.7	477.3
Corporate Income Tax	110.4	49.6	42.1
Sales Tax	577.6	354.6	359.7
Product Taxes ¹	15.7	9.5	9.5
Miscellaneous	73.6	37.4	40.0
TOTAL GENERAL FUND²	1,595.9	919.8	928.6

¹ Product Taxes include beer, wine, liquor, and cigarette taxes
² May not total due to rounding
³ Revised Estimate as of January 1999

General Fund revenue was \$1.2 million above the target for January. Slight weakness in both the Individual Income Tax and Sales Tax were offset by strength in the Corporate Income Tax. This is a reversal of the pattern that has developed over the fiscal year to date. On a cumulative basis General Fund revenue is now \$8.8 million ahead of the target for the first seven months of FY 1999.

Individual Income Tax collections were \$0.5 million lower than expected for the month of January. This is a bit deceptive, however, since it is mostly the result of filing collections that were \$4.0 million lower than expected in January. December's filing collections were \$8.0 million higher than expected, and in reality December and January filing collections should be looked at together (since they mostly derive from year-end prepayments). Looked at this way, combined December/January filing collections were \$4.0 million higher than expected. On another positive note, withholding collections were very strong in January, coming in \$4.5 million ahead of the target.

Corporate Income Tax collections turned in one of the best performances of FY 1999 in January, with \$1.9 million more revenue than was expected. This is entirely due to strong filing payments, which were \$3.1 million ahead of the January target. This was partially offset by weakness in quarterly estimated payments and higher-than-expected refunds.

Sales Tax collections were off by \$0.9 million in January, bringing the year-to-date excess down to \$5.1 million. January collections reflect December sales activity, and as such, the modest weakness (from holiday sales) was anticipated. Recent positive Idaho economic reports and continued low interest rates bode well for this category for the remainder of the fiscal year.

Product Taxes were again on target in January and Miscellaneous revenues were \$0.7 million higher than expected. The Miscellaneous revenue strength was due to higher-than-anticipated interest earnings.